

Mandatory Reporting Workshop

Potential Revisions to the California Mandatory
Greenhouse Gas Reporting Regulation

California Environmental Protection Agency

 **Air Resources Board**

Wednesday, May 30, 2012

Introduction

- Purpose of changes
 - Incorporate changes in U.S.EPA rule
 - Align with the Cap and Trade Regulation
 - Fix minor implementation issues
 - Clarify regulatory intent
 - No major changes in emissions reporting requirements
- Discussion Draft reflects staff's potential changes to regulatory language
 - <http://www.arb.ca.gov/cc/reporting/ghg-rep/2012-revision/2012-revision.htm>

Send comments or questions during the workshop to:
sierrarm@calepa.ca.gov

Timeline

Proposed language scheduled for
45-day public comment

- August 2012

Proposed Regulation considered by
the Board

- September 2012
- <http://www.arb.ca.gov/board/2012mtgdates.htm>

Agenda

- Potential Revisions to the Mandatory Reporting Regulation
 - General Provisions (§95100 – 95109)
 - Electricity Sector (§95111)
 - Industrial Sectors (§95110, 95112 – 95123)
 - Petroleum and Natural Gas Systems (§95150-95157)
 - Other changes/clarifications
- Cap and Trade discussion topic
 - Leakage Monitoring

General Provisions

§91500 – 95101

- Updated U.S. EPA's 40 CFR part 98 references
- Applicability - Clarified listing of industrial sectors subject to reporting and their thresholds
- Add requirements to include process emissions when evaluating 10,000 ton CO₂e threshold
- Re-require reporting of biogas flaring emissions from municipal waste landfills
- “Cessation of reporting” language included directly in regulation rather than U.S.EPA reference
- Clarifications for Electric Power cessation

Definitions

§95102

- Addition of new definitions
 - covered product data, calcined coke, field accuracy test, flow meter, oil and gas systems specialist, process emissions specialist, sector specific verifier, and transactions specialist
- Refinement of existing definitions
 - material misstatement, positive product data verification statement, total thermal output, etc.

General Provisions

§91503(a-j)

- Verification – Clarify that verification not required for abbreviated reporting and geothermal sources
- Clarify biomass-derived fuel reporting requirements for forest derived wood and wood waste.
- Abbreviated reporting – Add reporting of process emissions for facilities 10,000 to 25,000 MT
 - Specified industry sectors
 - Expected to effect only 3-4 facilities
 - Does not require verification
 - Conforms with intent of WCI essential requirements

General Provisions

§91503(k) – Metering Accuracy

- General clarifications on the composition of a measurement device
- Clarify metering exemption language
- Clarify that data metering applies to “covered product data” and not “single product data components”
- New requirement for annual field accuracy testing
- Include additional requirements for meters not meeting the accuracy specifications

Discussion – sections 95100 - 95109

Electricity Sector

§95111

- Update and clarify the asset-controlling supplier (ACS) requirements
 - Annual requirements for reporting and verification
- Remove specific designation of asset-controlling supplier and emission factor in Regulation (i.e., Bonneville Power Administration)
 - Provides mechanism for other entities to apply to become Asset-Controlling Supplier
- Clarify electric power entity-related definitions
- Add in 'reporting only' requirements for transactions related to the RPS adjustment to better meet reporting program needs

Industrial Sectors

§95110, 95112 to 95114

- 95110 – Cement, No changes proposed
- 95112 – Electricity Generation
 - Allow additional aggregation of units to simplify reporting
 - Minor clarifications to reporting requirements
- 95113 - Refineries
 - Include reporting of calcined coke (covered product data) to align with Cap and Trade
- 95114 – Hydrogen Production
 - Clarify that hydrogen gas and liquid hydrogen are separately reported

Industrial Sectors

§95115 to 95120

- 95115 – Stationary Combustion
 - Add reporting of biogas flaring emissions
 - Clarify unit aggregation requirements
- 95116 – 95120
Glass, Lime, Nitric Acid, Pulp/Paper, Iron/Steel
 - Clarify paper product data reported as “air dried” and add definition
 - No other changes proposed

Suppliers

§95121 to 95123

- 95121 – Transportation Fuel Suppliers
 - Provided list of reportable fuels within regulation to clarify requirements
- 95122 – Natural Gas and LPG Suppliers
 - Add reporting requirements for Imported Compressed Natural Gas and Liquefied Natural Gas
- 95123 – CO₂ Suppliers
 - Minor typographical correction

Discussion – sections 95110 - 95123

Subarticle 5: Petroleum and Natural Gas Systems §95150-95157

- Modify requirements to include selected updates made to U.S. EPA GHG rule in December 2011 (Subpart W)
 - Update calculation methods and correct any typographical errors
- Include calculation methods in ARB rule rather than incorporating U.S. EPA methods by reference
 - Reduces ambiguity caused by U.S. EPA updates
- Clarify the reporting requirements for the allocation and benchmarking methods
 - Clearly defines the data disaggregation and verification requirements needed to support the allocation and benchmarking processes

Subarticle 5: Petroleum and Natural Gas Systems §95150-95157

- Maintain definition for ‘onshore petroleum and natural gas production facility’ from November 30, 2010
 - Retain ‘associated with a well pad’ intent versus U.S.EPA’s Final Rule update which indicates ‘associated with a single well pad.’
- Develop ARB calculation methods for storage tanks and produced water
- Best available monitoring methods (BAMM) requirements extensions will not be accepted for data years 2012 and beyond.

Discussion – subarticle 5

Verification

§95131 to 95133

- Clarify the product data material misstatement evaluation to only include “covered” product data
- Minor clarification requirements for biomass-derived fuel verification
- Conflict of interest provisions and requirements
 - Correct typographical errors related to working relationships with verification bodies
 - Clarify the low conflict of interest criteria
 - Clarify the disclosure information for related entities

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Next Steps

- Informal comments on the discussion draft are due by June 12, 2012.
- Send comments to ghgreport@arb.ca.gov
- Soon, draft language on subarticle 5 and the rest of the definitions will be released for review.
- During the month of June, reporting staff intend to have informal sector-specific discussions on the potential regulation changes.

Cap-and-Trade Program and Emissions Leakage

- Leakage is a reduction in emissions of greenhouse gases within the State that is offset by an increase in emissions of greenhouse gases outside the State
- AB 32 requires ARB to design measures to minimize leakage to the extent feasible
 - The Cap-and-Trade Program minimizes leakage of industrial-sector emissions through free allowance allocation
- Staff plans to annually update the Board on shifts in business activity that may result in emissions leakage and changes in market share for covered entities and sectors as a result of the Cap-and-Trade Program

Leakage Monitoring

- Staff is proposing to collect facility-level economic data from industry
 - Data would be kept confidential and would not be subject to public disclosure
- Collection of these data would allow for timely monitoring of leakage and may allow for refinement or development of policies to minimize leakage
 - U.S. Census data cannot be obtained quickly enough to respond to leakage issues
 - ARB knows of no other source that could provide these data in a timely manner

Leakage Monitoring

(Continued)

- Staff is proposing to collect the following data:
 - Total value of product shipped and other receipts;
 - Annual payroll before deductions;
 - Total capital expenditures for new and used buildings, machinery, and equipment;
 - Cost of materials, parts, packaging, fuels, and electricity;
 - Number of production workers; and
 - Number of other employees.
- Staff is requesting feedback from industry on this proposal

Discussion: Leakage Monitoring